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SUBJECT: COLOMBIAN 3RD QUARTER GDP GROWTH MISSES THE MARK

**¶1.** (U) SUMMARY. The GOC released 2004 Q3 GDP figures showing a sluggish 2.43 percent growth rate. GOC forecasts had predicted a 3.9 percent increase. Colombia's expected 2004 GDP growth rate of 4 percent can now only be achieved if Q4 GDP growth reaches 5 percent or higher. These numbers are disappointing to Colombian government economists, and the GOC, through the Colombian press has come out with multiple explanations. END SUMMARY.

**¶2.** (U) Colombian government officials expressed concern over lower growth figures; however, they explained their inability to meet the 4.1 percent target as being a result of multiple variables. Economists at the Central Bank and the National Planning Department (DNP) told econoff that the lower numbers are due to supply shocks caused by a truckers strike in September and October. In addition, Central Bankers noted that public investment in the third quarter was low. Colombia is currently experiencing a change of governments at the local level and local governments are currently in a period of renewing contracts, which constrains regional investment. Officials at DANE, the National Statistics Department, have said that a slow down in the farming, coal and oil sectors is responsible for the low numbers.

**¶3.** (U) COMMENT: As it struggles to explain what went wrong with Q3 GDP figures, the GOC is also looking for explanations that do not frighten potential investors. END COMMENT.

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